

EXHIBIT 41

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PUBLIC SERVICE COMMISSION OF WISCONSIN

[2-U-4346-December 21, 1954]

Application of Milwaukee Gas Light Company for Disclaimer of Jurisdiction Over, or in the Alternative for Approval of, Distribution of Milwaukee Solvay Coke Company Stock to American Natural Gas Company

THE COMMISSION APPROVES Milwaukee Gas Light Company's transfer of all the outstanding capital stock (35,000 shares) of its subsidiary, Milwaukee Solvay Coke Company, as payment of not in excess of six quarterly dividends to its parent company, American Natural Gas Company. The stock is to be transferred at a value of \$124.93 a share, the price at which it was acquired by Milwaukee Gas Light Company.

The proposed transfer constitutes a financial arrangement between affiliated interests subject to the provisions of section 196.52, Statutes.

CONSENT AND APPROVAL

On December 9, 1954, Milwaukee Gas Light Company filed with the Commission an application praying that the Commission: (a) disclaim jurisdiction over its proposal to transfer to its parent, American Natural Gas Company, all of the capital stock of Milwaukee Solvay Coke Company as a series of dividends; or in the alternative (b) grant such written consent and approval, as may be determined by the Commission to be necessary, to effectuate such transfer of stock. The transfer is proposed to be made at a value of \$124.93 a share, which is alleged to be the cost of such shares to Milwaukee Gas Light Company.

American Natural Gas Company is a holding company and, in addition to other public-utility investments, owns all except 191 4/6 shares of a total of 1,613,408 outstanding shares of capital stock of Milwaukee Gas Light Company.

Milwaukee Gas Light Company is a public-utility corporation rendering natural-gas service in the city of Milwaukee and surrounding territory. It owns, and has owned since 1947, all of the outstanding common stock of Milwaukee Solvay Coke Company consisting of 35,000 shares of the par value of \$100 a share. These shares were acquired by Milwaukee Gas Light Company for \$4,353,936 or the equivalent of \$124.93 a share, pursuant to authorization of this Commission dated March 26, 1946, in docket 2-SB-258.

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Milwaukee Solvay Coke Company is not a public utility. It manufactures coke; and its primary function, insofar as Milwaukee Gas Light Company is concerned, is to supply it with manufactured gas, the by-product of coke, when, as, and if such gas is needed.

The applicant proposes to transfer the stock of the "Solvay" company to American Natural Gas Company by declaring not in excess of six quarterly dividends upon its common stock, which will be paid in shares of stock of the "Solvay" company, except that the minority stockholders of the applicant will have their dividends paid in cash; and, in charging its earned surplus account for the entire amount of dividends, the "Solvay" stock will be valued at its cost to the applicant of \$124.98 a share.

The applicant alleges that the proposed transfer will simplify the structure and functioning of the holding company system by making the "Solvay" company a direct subsidiary of American Natural Gas Company which will separate its ownership from Milwaukee Gas Light Company and relieve the applicant of the responsibility for its operation and management. This will provide greater flexibility by the holding company in meeting the depressed market conditions existing in the coke industry, without in any way affecting or impairing the benefit to the applicant from the gas supply arrangements existing between the two companies. In addition the applicant alleges that the proposed transfer of stock will be beneficial by permitting it to retain cash in its business equal to the amount of its investment in the "Solvay" company stock in lieu of using that amount of cash as dividends, and that this saving of cash will be helpful to the applicant in financing its public-utility construction program.

In its petition, Milwaukee Gas Light Company claims that the proposed transfer does not require the consent, approval, or other action by this Commission under the provisions of section 196.52 or any other provision of the Wisconsin Statutes, and asks the Commission: (a) to disclaim jurisdiction, or in the alternative (b) to grant its written consent and approval.

Prior to the filing of the pending application, this matter was discussed with the Commission, informally, by repre-

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sentatives of the applicant and members of the Commission staff; and on November 29, 1954, the Commission held that it has jurisdiction over the proposed transaction under the provisions of section 196.52, Wisconsin Statutes, and advised Milwaukee Gas Light Company accordingly. Since the filing of the pending application, the Commission has given further consideration to the applicant's representations, and concludes that the proposed transfer of stock, under the terms and conditions stated in the pending application, constitutes a financial arrangement between affiliated interests subject to the provisions of section 196.52, Statutes.

FINDINGS OF FACT

THE COMMISSION FINDS:

1. That American Natural Gas Company is a holding company and, in addition to other public-utility investments, owns all except 191 4/6 shares of a total of 1,613,408 outstanding shares of capital stock of Milwaukee Gas Light Company.

2. That Milwaukee Gas Light Company is a public-utility corporation rendering natural-gas service in the city of Milwaukee and surrounding territory. It owns, and has owned since 1947, all of the outstanding common stock of Milwaukee Solvay Coke Company consisting of 35,000 shares of the par value of \$100 a share. These shares were acquired by Milwaukee Gas Light Company for \$4,353,936 or the equivalent of \$124.93 a share, pursuant to authorization of this Commission dated March 26, 1946, in docket 2-SB-258.

3. That the financial arrangement, whereby Milwaukee Gas Light Company proposes to transfer 35,000 shares of common stock of Milwaukee Solvay Coke Company to American Natural Gas Company, is reasonable and consistent with the public interest.

CONCLUSIONS OF LAW

THE COMMISSION CONCLUDES:

1. That Milwaukee Gas Light Company, Milwaukee Solvay Company Coke and American Natural Gas Company are

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affiliated interests within the definition set forth in section 196.52, Wisconsin Statutes.

2. That the proposed transfer by Milwaukee Gas Light Company of all of the capital stock of Milwaukee Solvay Coke Company to American Natural Gas Company, under the terms and conditions set forth in the pending application and the data submitted therewith, is an arrangement between affiliated interests which falls within the scope of section 196.52 (8) (a), Wisconsin Statutes.

3. That it has jurisdiction, by virtue of the provisions of section 196.52, Wisconsin Statutes, to grant its consent and approval to the consummation of such financial arrangement in accordance with the foregoing findings of fact.

4. That section 196.80 is inapplicable.

ORDER

THE COMMISSION THEREFORE ORDERS:

That its written consent and approval, as contemplated under the provisions of section 196.52 of the Wisconsin Statutes, be and the same is hereby granted to Milwaukee Gas Light Company to consummate the proposed financial arrangement with its affiliate, American Natural Gas Company, whereby all of the outstanding capital stock of Milwaukee Solvay Coke Company will be transferred from Milwaukee Gas Light Company to American Natural Gas Company at a value of \$124.98 a share, by the declaration and payment of not in excess of six quarterly dividends upon the common stock of the applicant herein, as more particularly described and referred to above.